



BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY  
FEDERAL ENERGY REGULATORY COMMISSION

Coordination between Natural Gas and Electricity  
Markets

Docket No. AD12-12-000

SUPPLEMENTAL NOTICE OF TECHNICAL CONFERENCE

As announced in the Notices issued on July 5, 2012<sup>1</sup> and July 17, 2012,<sup>2</sup> the Federal Energy Regulatory Commission (Commission) staff will hold a technical conference on Tuesday, August 28, 2012, from 9:00 a.m. to approximately 5:30 p.m. local time to discuss gas-electric coordination issues in the West region.<sup>3</sup> The agenda and list of roundtable participants for this conference is attached. This conference is free of charge and open to the public. Commission members may participate in the conference.

The West region technical conference will be held at the following venue:

DoubleTree by Hilton Hotel Portland  
1000 NE Multnomah Street,  
Portland, OR, 97232, USA  
Tel (reservations and other information):  
1-503-281-6111  
1-800-996-0510 (toll free)

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<sup>1</sup> Coordination between Natural Gas and Electricity Markets, Docket No. AD12-12-000 (July 5, 2012) (Notice Of Technical Conferences) (<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13023450>); 77 Fed. Reg. 41184 (July 12, 2012) (<http://www.gpo.gov/fdsys/pkg/FR-2012-07-12/pdf/2012-16997.pdf>).

<sup>2</sup> Coordination between Natural Gas and Electricity Markets, Docket No. AD12-12-000 (July 17, 2012) (Supplemental Notice Of Technical Conferences) (<http://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=13029403>).

<sup>3</sup> As indicated in the July 5, 2012 notice, for purposes of this technical conference, the West region includes the Western Interconnection.

If you have not already done so, those who plan to attend the West region technical conference are strongly encouraged to complete the registration form located at: [www.ferc.gov/whats-new/registration/nat-gas-elec-mkts-form.asp](http://www.ferc.gov/whats-new/registration/nat-gas-elec-mkts-form.asp). There is no deadline to register to attend the conference. The dress code for the conference will be business casual. The agenda and roundtable participants for the remaining technical conferences will be issued in supplemental notices at later dates.

The West region technical conference will not be transcribed. However, there will be a free audiocast of the conference. The audiocast will allow persons to listen to the West region technical conference, but not participate. Anyone with Internet access who desires to listen to the West region conference can do so by navigating to [www.ferc.gov](http://www.ferc.gov)'s Calendar of Events and locating the West region technical conference in the Calendar. The West region technical conference will contain a link to its audiocast. The Capitol Connection provides technical support for audiocasts and offers the option of listening to the meeting via phone-bridge for a fee. If you have any questions, visit [www.CapitolConnection.org](http://www.CapitolConnection.org) or call 703-993-3100.<sup>4</sup>

Information on this and the other regional technical conferences will also be posted on the website [www.ferc.gov/industries/electric/indus-act/electric-coord.asp](http://www.ferc.gov/industries/electric/indus-act/electric-coord.asp), as well as the Calendar of Events on the Commission's website [www.ferc.gov](http://www.ferc.gov). Changes to the agenda or list of roundtable participants for the West region technical conference, if any, will be posted on the website [www.ferc.gov/industries/electric/indus-act/electric-coord.asp](http://www.ferc.gov/industries/electric/indus-act/electric-coord.asp) prior to the conference.

Commission conferences are accessible under section 508 of the Rehabilitation Act of 1973. For accessibility accommodations, please send an email to [accessibility@ferc.gov](mailto:accessibility@ferc.gov) or call toll free 1-866-208-3372 (voice) or 202-208-1659 (TTY), or send a FAX to 202-208-2106 with the required accommodations.

For more information about this and the other regional technical conferences, please contact:

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<sup>4</sup> The audiocast will continue to be available on the Calendar of Events on the Commission's website [www.ferc.gov](http://www.ferc.gov) for three months after the conference.

Sarah McKinley  
Federal Energy Regulatory Commission  
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Dated: August 20, 2012

Kimberly D. Bose,  
Secretary.



## **Coordination Between Natural Gas and Electricity Markets**

**Docket No. AD12-12-000**

**West Region - August 28, 2012, Portland, OR**

### **Agenda**

**9:00 - 9:15 Welcome and Opening Remarks**

**9:15 - 9:45 Regional Energy Infrastructure Presentation (FERC staff)**

**9:45 – 12:00 First Roundtable Discussion:  
Gas-Electric Coordination and Market Structures in the West**

The Western region consists of bilateral markets, trading hubs, and the organized wholesale energy markets of the California ISO (CAISO), and varying access to fuel supplies and natural gas storage across several sub-regions. Public and non-public utilities may participate in these markets. Commenters in the West stress the need for regional and even sub-regional approaches to gas-electric coordination, in light of the different market structures and mix of resources that co-exist. The Commission anticipates that the differing perspectives of the Pacific Northwest, Rocky Mountain, Desert Southwest, and California sub-regions will be reflected in the discussion of gas-electric coordination topics and challenges.

Many within the Western region expect that a significant portion of new generating capacity installed in the next ten years will use natural gas as its primary fuel, which has raised concerns for some regarding the sufficiency of pipeline capacity to accommodate this growth in gas-fired generation. Approaches to addressing infrastructure adequacy also vary across the region. Some commenters stress the need for cost recovery mechanisms or other market enhancements that provide incentives for appropriate fuel arrangements. Others emphasize regionally-based approaches to determine whether there is demand for additional pipeline capacity and services, or whether there are ways the region can better deploy existing capacity to meet demand growth. Some commenters suggest that the Commission has a role to play, in terms of possible refinements to its blanket certificate process.

While some pipelines offer flexible pipeline and storage services, commenters suggest that more flexibility and additional nomination opportunities are needed by operators of gas-fired generation in some areas. Commenters differ on the impact of the mismatch in the scheduling and delivery timelines between the gas and electric industries, with some calling for greater harmonization between natural gas trading and transportation nomination and scheduling timelines and electricity trading and scheduling times within the West, and others contending that the gas-electric mismatch presents no significant challenges or that it is a longer-term issue.

Roundtable participants are encouraged to be prepared to discuss the following:

1. Describe the policies and practices in your region that impact the procurement of gas transportation and storage capacity purchases by gas-fired generators. What changes do you expect, if any, as the use of gas for electric generation increases? Salt River Project in its comments suggests the possible development of a gas-sharing pool similar to regional electric reserve sharing pools.<sup>5</sup> Would this type of development help to address the disincentives to long-term gas supply and transportation contracting noted by the California Public Utilities Commission (CPUC)?<sup>6</sup> Some commenters state that the West already engages in substantial outage and maintenance coordination between the electric and pipeline industries. How, if at all, is the resulting knowledge of pipeline conditions taken into account in electric dispatch and pricing decisions, and how is the resulting knowledge of electric system conditions taken into account in pipeline operational decisions?
2. How does your region approach the question of gas infrastructure adequacy? Are there reforms to the organized wholesale electric market rules that CAISO could consider as a possible means to allow a gas-fired generator to recover the costs of contracting for gas infrastructure expansion needed to serve electric markets in the region? To what extent do bilateral contracts provide for the recovery of such costs, both in CAISO and in the areas that do not have organized markets? Commenters like Puget Sound Energy, Inc. (Puget Sound Energy) suggest that the immediate need to add infrastructure could be minimized by allowing pipeline capacity release for periods longer than one year at greater than maximum tariff rate.<sup>7</sup> What would be the advantages and drawbacks to these proposals?

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<sup>5</sup> Salt River Project Agricultural Improvement and Power District March 30, 2012 Comments at 2.

<sup>6</sup> CPUC March 30, 2012 Comments at 7.

<sup>7</sup> Puget Sound Energy March 30, 2012 Comments at 10.

3. What types of services offered by natural gas pipelines and storage providers throughout the West would best meet the needs of gas-fired generators in the region? Recognizing that some pipelines offer additional nomination opportunities beyond the current standards, would generators like to see additional operating flexibility in pipeline services, and if so, what kind? For example, one commenter recommends that the Commission encourage gas storage operators to offer 24-hour service and balancing services. Another described an “intermittent gas” product conceptually similar to conditional firm electric transmission service.<sup>8</sup> Would proposals like these address generators’ flexibility needs? Are these ideas feasible in the West, and, if so, how could they be structured? What financial assurances would gas pipelines and storage providers need to provide such services?

4. How diverse (or consistent) are nomination, scheduling and commitment practices across the region? How do the regions’ utilities and generators manage the mismatch between the scheduling and commitment timelines on the electric side in local time and the NAESB standard gas pipeline practices? Are there areas in the West where this is more of a problem to generators than elsewhere? If so, can the gas and electric market scheduling timelines be adjusted in a way that improves matters for those regions where it is a problem?

#### **12:00 – 1:30 Break**

#### **1:30 – 2:45 Second Roundtable Discussion: Communications/Coordination/Information-Sharing**

Each of the sub-regions that make up the West has experienced unexpected events that highlighted the need for improved communication and coordination between electric and gas entities: for example, Denver/the Rockies in December 2006; the Pacific Northwest in December 2009; California in September 2010; and the Southwest in February and September 2011.<sup>9</sup> Western commenters in this proceeding identified

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<sup>8</sup> Salt River Project Agricultural Improvement and Power District March 30, 2012 Comments at 2; MidAmerican Energy Holdings Company March 30, 2012 Comments at 15.

<sup>9</sup> See “Investigation of the Controlled Outages of February 18, 2006 by Public Service Company of Colorado,” Docket No. 06I-118EG, Initial Report to the Colorado Public Utilities Commission by the Staff of the Colorado Public Utilities Commission, July 7, 2006; “Plugging Into Natural Gas,” [http://pnucc.org/sites/default/files/RidingNorthwestDec2009Event\\_0.pdf](http://pnucc.org/sites/default/files/RidingNorthwestDec2009Event_0.pdf); <http://www.cpuc.ca.gov/PUC/events/sanbruno.htm>; “Report on Outages and Curtailments (continued)

possible improvements including enhanced communication during emergency outages, coordination of maintenance outage scheduling, and FERC clarification of allowed information sharing under existing rules, particularly the Standards of Conduct.

Comments suggest that improving communications protocols between the gas and electric industry is one issue that may lend itself to more immediate resolution than other gas-electric coordination issues. This panel will discuss whether there are adequate communication protocols among the various stakeholders to assure appropriate gas-electric coordination and identify potential solutions to any issues.

Roundtable participants are encouraged to be prepared to discuss the following:

1. How are coordination and information-sharing regarding both emergency and planned outages handled by affected gas and electric entities in the different regions? Are improvements needed? Several entities in the Northwest stated that the gas and electric utility planners in the Northwest have initiated regular meetings to address resiliency in a coordinated manner.<sup>10</sup> What kind of coordination occurs and what kind of information is shared and with whom in preparation for extreme events that simultaneously and significantly affect both the gas and electric sectors. Are there any limitations on communication that seem unnecessarily restrictive? Should entities coordinate weather forecasts?
2. The gas pipelines in California and the CAISO have worked to improve their coordination of planned outages. What is the impact of electric system outages upon the gas system, and vice versa? Are further changes needed to allow for the coordination of planned outages? Will the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 impose new requirements upon inter-industry communication and coordination? If so, how are the industries planning for those new requirements?
3. Several commenters identified the nature of information that currently is available and shared between gas and electric entities. Is there additional information that needs to be shared that currently is not being shared, and are all the relevant and necessary parties included? Are the information-sharing mechanisms appropriate to the circumstances?

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During the Southwest Cold Weather Event of February 1-5, 2011,” <http://www.ferc.gov/legal/staff-reports/08-16-11-report.pdf>; “Arizona-Southern California Outages on September 8, 2011,” <http://www.ferc.gov/legal/staff-reports/04-27-2012-ferc-nerc-report.pdf>.

<sup>10</sup> Puget Sound Energy March 30, 2012 Comments at 6; Northwest Gas Association, *et al.*, March 29, 2012 Comments at 1.

Are improvements needed and who should be responsible for implementing improvements?

4. Parties in the West region expect increased reliance on gas-fired generators to result in greater daily fluctuations in gas usage than have been experienced in the past. For example, the 2012 California Gas Report prepared by the California Gas and Electric Utilities projects that there will be higher daily fluctuations in gas usage in the future, associated with the increase in renewable generation in the state.<sup>11</sup> What changes in communications and real time data sharing protocols will be needed to accommodate these expected variations?

5. Based on the experience in your region, what aspects of the FERC Standards of Conduct (which govern the relationship between a transmission provider and its marketing function) need to be clarified or potentially revised to improve gas-electric communications and coordination? For example, Puget Sound Energy recommends that the Commission should clarify that the exception for a transmission provider to disclose non-public transmission information with its merchant function should not be limited solely to an emergency on the transmission provider's system. Rather, Puget Sound Energy suggests that the exception be broadened to include non-emergency situations to prevent an emergency and also to permit communications to alleviate emergencies on a nearby/regional transmission provider's system.<sup>12</sup> Describe specific non-emergency situations to be covered by the suggested clarification to the emergency exception to prohibited communications. Although the Standards of Conduct do not restrict transmission providers from communicating with each other, describe how the Standards of Conduct prevent individuals managing resources on a number of transmission systems in a region from conferring with each other as suggested by Puget Sound Energy.

**2:45 – 3:00 Break**

**3:00 – 4:30 Third Roundtable Discussion:  
Reliability**

The bulk electric system is typically planned, as required by the mandatory reliability standards, to meet projected customer demands and system performance criteria, even under single element contingency conditions. Interstate natural gas

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<sup>11</sup> "2012 California Gas Report Prepared by the California Gas and Electric Utilities," July 2012, at 11;  
[http://www.socalgas.com/regulatory/documents/cgr/2012%20CGR\\_Final.pdf](http://www.socalgas.com/regulatory/documents/cgr/2012%20CGR_Final.pdf)

<sup>12</sup> Puget Sound Energy March 30, 2012 Comments at 12-13.



pipelines are planned and expanded to meet firm gas delivery contracts between the pipelines and one or more shippers. As noted above, almost all commenters from the West indicated they expect an increased reliance on natural gas generation in the coming years, due to economic and national policy factors. Commenters also expressed concerns about the future reliability and interdependencies of the bulk electric system and the interstate natural gas pipeline system as the amount of natural gas-fired generation increases.

Roundtable participants are encouraged to be prepared to discuss the following:

1. Is there a need for a minimum level of dependability in the fuel supply for gas-fired generators? How would it be defined, who would define it, and what would be the mechanism for accomplishing this? To what extent is the dependability of fuel supply a required specification in standardized contract documents for buying and selling electricity? Should this be addressed regionally, and how can it be addressed in the regions without organized markets? What role can or do State Commissions play in defining or otherwise supporting requirements for fuel dependability in all of the Western subregions?
2. Several commenters express concern about whether there are particular reliability concerns in areas that lack underground natural gas storage. What tools are available to regions to manage gas-fired generation swings and preserve reliability, in areas without gas storage? What happens when there are events that impact pipeline deliverability in those regions?
3. To what extent do the regions in the West coordinate studies of the natural gas and electric systems to analyze forecasted resource mix and/or interdependency risks from curtailments or contingencies? Can this be addressed through existing transmission planning processes or are different processes needed?
4. Commenters from California and the Northwest highlighted ongoing coordination efforts that allowed participants from the natural gas and electric industries, as well as state regulators, to assess emergency response plans and provided a forum to discuss and implement improvements.<sup>13</sup> Are sufficient emergency coordination procedures in place in the West? Are these procedures routinely tested through functional exercises or simulations? Should all regions within the West routinely conduct joint functional exercises?

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<sup>13</sup> See, e.g., Northwest Industrial Gas Users March 30, 2012 Comments at 3; Northwest Gas Association, *et al.* March 29, 2012 Comments at 1.

**4:30 – 5:30 General Discussion of Other Region-Specific Issues Affecting Gas-Electric Coordination**

Electric markets in the West function differently in California, the Pacific Northwest and in the rest of the Western Interconnect. To the extent not discussed in the earlier roundtable discussions, we'll discuss these differences as well as any specific issues of concern to one or more of these sub-regions not touched on earlier.

Roundtable Participants:

- Richard Adams, Executive Director, Pacific Northwest Utilities Conference Committee
- Ed Brewer, Vice President, Commercial Operations, Williams – Northwest Pipeline
- Will Brown, Director-Commercial, Kinder Morgan West Region Pipelines
- Tina Burnett, Senior Energy Analyst, The Boeing Corporation (on behalf of Process Gas Consumers Group)
- Stefan Byrd, Senior Vice President Commercial and Trading (on behalf of MidAmerican Energy Holdings Company) (representing the common views of Pacific Corp Energy and Kern River Gas Transmission)
- Jan Caldwell, Manager, Marketing Services, Williams – Northwest Pipeline
- Shelley Corman, Senior Vice President, Commercial & Regulatory, Transwestern Pipeline Company
- John Dagg, Director of Gas Transmission and System Operations, Southern California Gas Company and San Diego Gas & Electric
- Lynn Dahlberg, Director Marketing Services, Williams – Northwest Pipeline
- Curtis Dallinger, Director, Gas Resource Planning, Xcel Energy
- Randy Friedman, Director, Gas Supply, Northwest Natural Gas
- Paul Goldstein, Managing Director, Sempra U.S. Gas & Power
- Roger Graham, Director Wholesale Marketing & Business Development, Pacific Gas & Electric
- Steve Harper, Director Gas Supply, Avista Corp.
- Robert Hayes, Vice President of Physical Trading and Operations, Calpine Corporation
- Tom Haymaker, Slice Manager, Clark Public Utilities

- Lee Hobbs, Senior Vice President, TransCanada US Pipelines
- Skip Horvath, President, Natural Gas Supply Association
- Kevin Johnson, Director, Gas Control, Kinder Morgan Western Pipelines
- Dan Kirschner, Executive Director, Northwest Gas Association
- Ray Miller, Vice President, Pipeline Management, Kinder Morgan Pipelines
- John Moura, Associate Director, Reliability Assessment, NERC
- Liam Noailles, Manager, Market Operations, Xcel Energy
- Kent Price, Senior Marketing Representative, Salt River Project
- Pete Richards, Director, Operations, Gas Control & Measurement, Williams – Northwest Pipeline
- Clay Riding, Director Natural Gas Resources, Puget Sound Energy
- Andrew Soto, Senior Managing Counsel, American Gas Association
- Reuben Tavares, Electric Generation System Specialist, California Energy Commission
- Justin Thompson, Director of Business Support, Arizona Public Service Company
- William Tom, Senior Manager, Day-Ahead Operations, Pacific Gas & Electric
- Gregory Van Pelt, External Affairs Manager, California ISO
- Craig Williams, Market Interface Manager, Western Electricity Coordinating Council